

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Korea - Republic of

Post: Seoul

Corn and Wheat PSDs Update Reflecting FMD Outbreak

Report Categories:

Grain and Feed

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Report Highlights:

In MY 2010/11, the foot-and-mouth disease (FMD) epidemic is expected to dampen corn consumption. Conversely, U.S. wheat import is expected to reach 1.4 million tons due to the United States supplying more feed grade wheat to Korea.

General Information: Corn Section

Corn PSD

Corn of	Korea, Republic		2008/2009		2009/2010		2010/2011	
			Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	18	18	15	15	16	16	(1000 HA)	
Beginning Stocks	2,079	2,079	1,466	1,491	1,592	1,646	(1000 MT)	
Production	93	93	77	77	80	80	(1000 MT)	
MY Imports	7,188	7,212	8,461	8,460	8,000	8,000	(1000 MT)	
TY Imports	7,188	7,212	8,461	8,460	8,000	8,000	(1000 MT)	
TY Imp. from U.S.	5,736	5,804	6,795	7,504	0	6,000	(1000 MT)	
Total Supply	9,360	9,384	10,004	10,028	9,672	9,726	(1000 MT)	
MY Exports	0	0	0	0	0	0	(1000 MT)	
TY Exports	0	0	0	0	0	0	(1000 MT)	
Feed and Residual	6,368	6,368	6,362	6,362	6,000	6,000	(1000 MT)	
FSI Consumption	1,526	1,525	2,050	2,020	2,100	2,100	(1000 MT)	
Total Consumption	7,894	7,893	8,412	8,382	8,100	8,100	(1000 MT)	
Ending Stocks	1,466	1,491	1,592	1,646	1,572	1,626	(1000 MT)	
Total Distribution	9,360	9,384	10,004	10,028	9,672	9,726	(1000 MT)	
Yield	5.	5.1667	5.	5.1333	5.	5.	(MT/HA)	
TS=TD		0		0		0		

Corn Consumption:

MY 2010/11 corn consumption is expected to decrease to 8.1 million Metric Ton (MT), down 1 million MT from the previous forecast due to an anticipated decrease in demand for feed corn caused by the virulent foot-and-mouth disease (FMD) outbreak, which resulted in widespread culling and the increased availability of feed grade wheat from various countries. Food, seed, and industrial (FSI) corn consumption is expected to remain unchanged at 2.1 million MT to meet a growing demand from the soft drink industry.

Compound feed production is expected to decrease to 16 million MT from 17.2 million tons in MY2009/10 due to a sharp decline in swine numbers caused by the serious FMD outbreak last November.

Korea: Total Corn Utilization (Oct./Sept., 1,000 MT)				
Marketing Year	Feed	Processing a/	Food b/	To
2005/06	6,510	1,996	73	8,5
2006/07	6,914	1,856	63	8,8
2007/08	7,046	1,494	98	8,6
2008/09	6,368	1,418	108	7,8
2009/10	6,362	1,928	92	8,3
2010/11 c/	6,000	2,000	100	8,1

Source: Korean Feed Association (KFA), Korea Corn Processing Industry Association (KOCPIA)

a/ Used for wet and dry milling process based on imported corn.

b/ For on-farm human consumption (on-the-cob) or snack food consumed on-the-cob, as puffed kernels or as corn tea. Imported white corn for

popping has been included since MY 2004.
c/ FAS Seoul forecast.

Korea: Feed Ingredient Use for Compound Feed Production (October/September, 1,000 MT)				
Items	MY 2007/08	MY 2008/09	MY 2009/10a/	MY 2010/11a/
Sub. Total Grains and Grain Substitutes	10,132	10,274	11,100	10,000
- Wheat	412	1,416	2,149	1,600
- Corn	7,046	6,368	6,362	6,000
- Other Grains and Grain Substitute b/	2,674	2,490	2,600	2,400
Others c/	6,167	6,060	6,100	6,000
Grand Total	16,299	16,334	17,200	16,000

Source: Korea Feed Association (KFA)

a/ FAS Seoul forecast.

b/ includes Tapioca, bran and gluten feed.

c/ includes vegetable protein meal, animal protein, minerals/additives, tallow, DDGS and molasses.

Korea: Compound Feed Production (October/September, 1,000 mt)			
Animal Type	MY 2008/09	MY 2009/10	MY 2010/11 a/
Poultry	4,413	4,564	4,600
Swine	5,307	5,465	4,500
Cattle	5,550	5,915	6,000
Others ^{b/}	1,009	1,233	900
Sub. Total	16,279	17,177	16,000
Aquaculture	115	114	120
Milk Substitute	70	60	60
Grand Total	16,464	17,351	16,190

Source: Korea Feed Association (KFA), MIFAFF

a/ FAS/ Seoul forecast

b/ include ducks, pet food, rabbit, horse, sheep, deer, quail etc.

Korea: Animal Inventory (1,000 Head, 1,000 Birds)					
Animal	Year	March	June	September	December
Beef Cattle	2007	2,043	2,179	2,220	2,201
	2008	2,241	2,448	2,470	2,430
	2009	2,481	2,599	2,641	2,635
	2010	2,706	2,889	2,949	2,859d/
	2011d/	2,807	3,013	2,960	2,942
Dairy Cattle	2007	461	456	455	453
	2008	451	445	445	446
	2009	448	439	438	445
	2010	449	432	429	4,12d/
	2011d/	393	390	391	400
Swine f/	2007	9,345	9,462	9,659	9,606

	2008	8,981	9,153	9,284	9,087
	2009	9,177	9,044	9,381	9,585
	2010	9,768	9,728	9,901	9,314d/
	2011d/	7,000	6,500	7,000	7,652
Layer a/	2007	56,525	56,542	55,117	56,093
	2008	57,850	59,720	58,200	59,170
	2009	60,240	61,143	61,998	62,967
	2010	62,524	61,586	60,095	61,700
	2011d/	59,840	57,380	60,000	61,000
Broiler b/	2007	63,350	87,359	59,946	56,227
	2008	67,010	77,850	55,560	54,480
	2009	68,690	99,983	68,123	67,194
	2010	72,692	101,690	71,271	74,050
	2011d/	73,490	100,000	73,000	76,000

Source: Korea Rural Economic Institute, MIFAFF

a/ Excluding breeders.

b/ Excluding multi-use broilers.

c/ Korea Rural Economic Institute Forecast.

d/ FAS/Seoul forecast based on KREI data

f/ includes 864,000 heads of statistical difference between FAS/Seoul and Korean government.

Corn Trade:

MY 2010/11 corn imports are expected to decline to 8.0 million MT, down 1 million MT from the previous forecast. Feed corn imports during this same period are expected to move downward to 6.0 million MT, a decrease of 1 million tons from the previous forecast due to dwindling swine feed supplies and an expected increase in feed wheat imports up to 1.6 million MT, up 0.4 million MT from the previous forecast on October/September basis. MY 2010/11 U.S. corn imports are expected to decline accordingly to 6 million MT.

As of early March 2011, importers have contracted for 5.7 million MT of corn for deliveries starting from October 2010 to July 2011. Most of the contracted purchases to date are for U.S. feed corn and optional origin at seller's option among United States, South America or South Africa. However, feed millers, except for Nonhuyup Feed Inc (NOFI), have made no new contracts for corn since the beginning of the FMD outbreak in late November 2010.

Korea: Corn Contracts by Estimated Time of Arrival (ETA)					
(Unit: 1,000 MT, as of March 8, 2011)					
ETA	U.S.	EU	South Africa	Others 1/	Total
Oct. 2010	385	55	0	273	713
Nov.	220	0	0	275	495
Dec.	705	165	0	0	870
Jan. 2011	385	55	55	218	713
Feb.	55	53	0	536	644
Mar.	103	48	48	546	745
April	389	0	0	486	875
May	309	48	0	55	412
June	110	55	0	0	165
July	110	0	0	0	110
Total	2,771	479	103	2,389	5,742

Source: Local Grain Traders

1/ optional origins at seller's option out of USA, SOAM or South Africa

Korea: Corn Imports (1,000MT, Customs Cleared Basis)							
Marketing Year	From World			From the U. S.			U. S. Share
	Feed	Processing	Total	Feed	Processing	Total	%
04/05	6,739	1,895	8,634	2,303	190	2,493	29
05/06	6,507	1,975	8,482	4,813	561	5,374	63
06/07	6,860	1,871	8,731	4,036	150	4,186	48
07/08	7,680	1,629	9,309	7,259	1,077	8,336	90
08/09	5,781	1,431	7,212	4,883	921	5,804	80
09/10	6,447	2,003	8,450	6,097	1,407	7,504	89
10/11 a/	6,000	2,000	8,000	4,500	1,500	6,000	75

Source: Korea Customs Service

a/ FAS/Seoul forecast

Backgrounds Statistics on FMD and AI Outbreaks:

Animals Culled by Species as of March 23, 2011				
Category (Species)		Number of Animal Culled (Heads)	Total number of Animals as of Dec. 1, 2010 (Heads)	Percentage of total herd (Percent)
Cattle	Hanwoo	110,890	2,761,576	4.0
	Holstein steer	3,584	160,268	2.2
	Dairy cow	36,397	429,547	8.5
	Sub total	150,871	3,351,391	4.5
Swine		3,317,864	9,881,000	33.6
Goats		7,535	N/A	N/A
Deer		3,243	N/A	N/A
TOTAL		3,479,513	N/A	N/A

Source: Ministry for Food, Agriculture, Forestry & Fisheries & Korea Statistics Administration

Birds Culled by Species as of March 23, 2011				
Category (Species)		Number of Animal Culled (Birds)	Total number of Animals as of Dec. 1, 2010 (Birds)	Percentage of total birds (Percent)
Duck	Breeding stock	546,526	N/A	N/A
	Broiler	2,241,853	N/A	N/A
	Sub total	2,788,379	N/A	N/A
Chicken	Layer	1,731,665	61,691,000	2.8
	Breeding stock	366,295	N/A	N/A
	Broiler	935,373	77,871,000	1.2
	Native	91,379	N/A	N/A
	Subtotal	3,124,712	N/A	N/A
Other		319,627	N/A	N/A
Total		6,232,718	N/A	N/A

Source: Ministry for Food, Agriculture, Forestry & Fisheries & Korea Statistics Administration

Wheat Section

Wheat PSD

Wheat of Korea, Republic	2008/2009		2009/2010		2010/2011		
	Market Year Begin: Jul 2008		Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	3	3	5	5	7	13	(1000 HA)
Beginning Stocks	900	900	887	1,126	1,278	1,053	(1000 MT)
Production	10	10	26	26	27	27	(1000 MT)
MY Imports	3,371	3,278	4,470	4,362	4,200	4,000	(1000 MT)
TY Imports	3,371	3,278	4,470	4,362	4,200	4,000	(1000 MT)
TY Imp. from U.S.	1,125	1,148	1,231	1,116	0	1,400	(1000 MT)
Total Supply	4,281	4,188	5,383	5,514	5,505	5,080	(1000 MT)
MY Exports	94	56	105	59	100	50	(1000 MT)
TY Exports	94	56	105	59	100	50	(1000 MT)
Feed and Residual	1,000	942	1,700	2,172	1,900	1,800	(1000 MT)
FSI Consumption	2,300	2,064	2,300	2,230	2,300	2,200	(1000 MT)
Total Consumption	3,300	3,006	4,000	4,402	4,200	4,000	(1000 MT)
Ending Stocks	887	1,126	1,278	1,053	1,205	1,030	(1000 MT)
Total Distribution	4,281	4,188	5,383	5,514	5,505	5,080	(1000 MT)
Yield	3.	3.3333	5.	5.2	4.	2.0769	(MT/HA)
TS=TD		0		0		0	

Consumption:

In MY 2010/11, total wheat consumption is forecast at 4.0 million MT, up 300,000 MT from Post's previous forecast because feed wheat consumption is now expected to be 1.8 million MT in view of higher than expected supplies from the United States, Canada, Black Sea area, Eastern Europe, and EU. Australia wheat production particularly suffered from heavy floods during the harvest season. Thus, Australia is expected to be a major supplier of feed grade wheat to Korean feed millers in the coming marketing year.

Korea: Post Estimates of Domestic Wheat Use (1,000 MT, July/June)				
Year	2007/08	2008/09	2009/10	2010/11 a/
Imported Milling Wheat	2,267	2,041	2,136	2,100
Flour Imports b/	105	69	127	100
Flour Exports b/	73	56	59	50
Local Wheat	8	10	26	27
FSI Consumption c/	2,307	2,064	2,230	2,177
Feed Wheat	686	942	2,172	1,800
Total Consumption	2,993	3,006	4,402	3,977

Source: Korea Feed Association (KFA) and Korea Flour Millers Industry Association (KOFMIA)

a/ FAS/Seoul forecast

b/ Wheat basis

c/ exclude wheat used for the volume of wheat flour exports, including imports of wheat flour.

Wheat Trade:

MY 2010/11 wheat import is estimated to increase to 4.0 million MT, up 400,000 MT of feed grade wheat from the previous Post forecast while milling wheat imports are unchanged at 2.2 million tons. Imports of U.S. wheat in MY 2010/11 are expected to reach 1.4 million tons due to a greater supply of feed grade wheat during the first half of the marketing year. The United States exported 308,000 MT of feed grade wheat for the first eight months in MY 2010/11.

Korea: Wheat Imports (1,000 MT, Customs Cleared Basis)				
Marketing Year (July/June)	Feed Wheat	Milling Wheat	Flour Imports	Total
			1/	
03/04	921	2,394	11	3,326
04/05	1,089	2,385	29	3,503
05/06	1,536	2,220	41	3,797
06/07	976	2,298	69	3,343
07/08	565	2,317	105	2,987
08/09	1,151	2,058	69	3,278
09/10	2,164	2,071	127	4,362
10/11 a/	1,800	2,100	100	4,000

Source: Korea Customs Service

1/ Wheat basis

a/ FAS Seoul forecast based on the buying contracts to date.

Korea: MY 20010/11 Monthly Wheat Imports by Origin (1,000 MT, based on Customs Clearance)						
Country	U. S.	Australia	Canada	China	Other	Total
Milling Wheat						
2010 July	147	57	16	0	1	221
August	25	70	17	0	0	112
September	107	113	4	0	1	225
October	137	86	17	0	1	241
November	100	79	2	0	0	181
December	34	40	12	0	0	86
2011 January	174	164	19	0	0	357
February	57	75	28	0	0	160
Total	781	684	115	0	3	1583
Feed Wheat						
2010 July	65	0	94	0	4	163
August	65	0	46	0	0	111
September	99	0	3	0	25	127
October	67	0	0	0	175	242
November	11	0	0	0	175	186
December	1	0	0	0	264	265
2011 January	0	0	53	0	38	91
February	0	22	97	0	25	144
Total	308	22	293	0	706	1329
Total Wheat						
2010 July	212	57	110	0	5	384
August	90	70	63	0	0	223
September	206	113	7	0	26	352
October	204	86	17	0	176	483
November	111	79	2	0	175	367
December	35	40	12	0	264	351
2011 January	174	164	72	0	38	448

February	57	97	125	0	25	304
Total	1089	706	408	0	709	2912

Source: Korea Customs Service

Korea: MY 2010/11 Feed Wheat Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of March 2011)		
ETA	Quantity	Price (US\$/MT) ^{1/}
Jul. 2010	165	211
Aug.	275	256
Sep.	165	206
Oct.	275	200
Nov	165	196
Dec	110	193
Jan. 2011	110	250
Feb.	110	258
Mar.	165	308
Apr.	110	307
May	110	302
Jun	55	306
Total	1,815	

Source: Local Grain Traders

1/ Average CNF

Korea: MY 2011/12 Feed Wheat Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of March 2011)		
ETA	Quantity	Price (US\$/MT) ^{1/}
Jul. 2011	110	307

Source: Local Grain Traders

1/ Average CNF